

A Guide to CalPERS

Employment After Retirement



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WHAT YOU SHOULD KNOW BEFORE WORKING AFTER RETIREMENT

After you have retired, you may think about becoming self employed, working in private industry, or going back to work for your former CalPERS employer or another CalPERS employer. There are some basic rules you need to know about working after retirement so that you will not jeopardize your CalPERS service, disability, or industrial disability retirement benefits.

Generally, you may be self employed or work for private industry and continue to collect your CalPERS retirement without any restrictions. If you wish to work for your former CalPERS employer or another CalPERS employer, even through a third party employer or as an “independent contractor,” be sure to review all the information in this publication carefully.

A retiree can work for a CalPERS employer (an employer who contracts with CalPERS for retirement benefits) without reinstatement:

- As a temporary employee with certain restrictions.

..... Or

- If the position is specifically exempt from restrictions by CalPERS law.

You do not accrue service credit or otherwise acquire retirement rights for employment as a retiree. Appointment to a permanent position, whether part or full time, requires reinstatement from retirement into active employment unless the employment qualifies you for membership in the University of California Retirement Plan (UCRP) or the California State Teachers' Retirement System (CalSTRS).

Before accepting employment with **any** employer, it is your responsibility to:

- Ask if they contract with CalPERS for retirement benefits.
- Inform them you are receiving service, disability or industrial disability retirements benefits from CalPERS.
- Ensure the employment will be in compliance with CalPERS law.

Once hired, it is the responsibility of both you and your employer to ensure your employment remains in compliance and does not jeopardize your retirement benefits during the time you work there.

Consequences of Unlawful Employment

Employment found to be in violation of CalPERS law (unlawful employment) can result in your mandatory reinstatement from retirement. If you are employed in a permanent full-time or a permanent part-time position with a CalPERS employer before applying to CalPERS for voluntary reinstatement, you can be subject to mandatory reinstatement, retroactive to the date the unlawful employment began. If you're reinstated, you will be required to reimburse us the amount of retirement allowance you received during the period of unlawful employment.

In addition, you will be required to pay the retroactive CalPERS member contributions, plus interest, equal to the amount that would have been paid had your reinstatement occurred timely. You could also be assessed the cost of any administrative expenses incurred to process your mandatory reinstatement, to the extent you are determined to be at fault.

Likewise, the CalPERS employer who employed you unlawfully will be required to pay retroactive employer contributions, plus interest, equal to the amount of employer contributions that would have been paid had your reinstatement occurred timely. Your employer could also be assessed the cost of any administrative expenses incurred to process your mandatory reinstatement, to the extent the employer is determined to be at fault.

For more information about the reinstatement from retirement process, please review the *Reinstatement From Retirement* publication. It is available on our Web site at www.calpers.ca.gov or by calling our toll free number 888 CalPERS (or 888-225-7377).

Employment While Retired

Eligibility to Work for a CalPERS Employer — All Service Retirees in the Miscellaneous or Safety Category

Temporary employment as a “retired annuitant” with a CalPERS employer is not allowed if you are younger than the normal retirement age unless both of the following conditions are met:

- There is no verbal or written agreement to return to work as a “retired annuitant” between you and the employer before you retired.
- There is a bona fide break in service of 60 days between your retirement date and the date your temporary employment as a “retired annuitant” will begin.

Normal retirement age for CalPERS purposes is the benefit formula age shown in your retirement formula (i.e., age 55 for the 2% at 55 formula or age 60 for the 3% formula). If your retirement is based on more than one benefit formula, the highest benefit formula age determines your eligibility.

This restriction, which is in California retirement law, complies with IRS tax regulations prohibiting in-service distribution of pension benefits.

For those under normal retirement age, the only exception to this restriction is for specific emergency situations (Government Code section 8558).

After you have satisfied the bona fide break in service requirement, you may accept a temporary appointment to work as a “retired annuitant.”

If you attained your normal retirement age prior to retiring on service, you are eligible to accept a temporary appointment to work as a “retired annuitant” the day after your retirement date.



If you are a safety member on service retirement, you must reinstate from retirement to accept a permanent position in a miscellaneous category.

Employment or Co-Employment Through a Third Party Employer (All Retirees)

If you are considering employment with a CalPERS employer who recruits employees and retirees through a third party employment agency, contact CalPERS. If you will be an employee of a CalPERS employer under common-law principles, your employment could be subject to CalPERS restrictions, even if a third party employer pays your wages or salary.

All Retirees

You can work for a State agency, public agency employer or school employer without reinstatement if **all** of the following conditions are met:

- You have skills needed to perform work of limited duration, or your employment is needed during an emergency to prevent stoppage of public business.
- Your temporary employment will not exceed 960 hours in a fiscal year (each July 1 to June 30 the following year).
- The rate of pay you will receive will not be less than the minimum, nor exceed the maximum that is paid to employees performing comparable duties.

Temporary vs. Permanent Appointment

Because many permanent positions of school employers are part time (require less than 960 hours of work per fiscal year), there is often some confusion about retiree employment in these positions. If you intend to work as a **permanent** employee of any CalPERS employer, even if the position requires less than 960 hours of work per year, the law requires reinstatement into active employment. If you intend to remain retired, you need to make sure your appointment by any CalPERS employer is temporary.

California State University (CSU) Employer, Academic Staff (All Retirees)

You can work as a member of the academic staff of the CSU without reinstatement if your temporary employment does not exceed, in any fiscal year, a total of 960 hours for all CalPERS employers, or 50 percent of the hours you were employed in the fiscal year prior to retirement, whichever is less.

If You Are Paid Unemployment Insurance for Work as a Retired Annuitant

California retirement law prohibits temporary employment of a retiree for a CalPERS employer if, during the 12-month period prior to reappointment, you received unemployment insurance compensation (based on prior temporary employment with the same employer). If you are a working retiree and it is discovered that you have been paid unemployment insurance based on prior temporary employment with that employer, your employment must be terminated on the last day of the current pay period, and you will not be



eligible for reappointment as a retired annuitant by that employer for a period of 12 months following the termination of the current temporary employment. CalPERS auditors have incorporated this requirement into the random auditing criteria for employers. This restriction applies to retirees working for all CalPERS employers. A violation will not result in automatic reinstatement from retirement.

Positions Not Subject to 960-Hour Limit

Employment is permitted in certain positions without reinstatement and without the 960-hour per year limit.

Juror or Election Officer

You can serve as a juror or election officer and receive fees for such service.

School Crossing Guard

You can be employed as a school crossing guard and receive wages for such service.

Preparation for Litigation/Testimony for Former Employer

If your former employer needs your services to prepare for potential or actual litigation, or to testify in trial proceedings or at a hearing, you can perform that work, and be paid per diem and travel expenses. You cannot be paid a per diem rate higher than the rate paid by the employer to others for similar services.

Your employer must reduce the per diem amount paid to you by the daily equivalent of your monthly retirement benefit. Your employer must contact CalPERS to get the amount of your monthly benefit to calculate the per diem payable to you.

If you are a State retiree, your employment must be approved by the Department of Personnel Administration. If you are a public agency or school retiree, your employment must be approved by a governing body of the CalPERS employer.

Appointive Positions

Appointive Member of a Public Agency Governing Body

You can serve as an appointive member of the governing body of a public agency; your compensation cannot exceed \$100 per month.

Appointment as Member of a Board, Commission, or Advisory Committee

You can serve as a member of any board, commission, or advisory committee if you are appointed to that position by the Governor, Speaker of the Assembly, President Pro Tempore of the Senate, director of a State department, or governing board of the public agency.

Appointment by the Legislature or a Legislative Committee

You can serve in a position deemed temporary in nature upon appointment by the Legislature, either legislative house, or a legislative committee.

Elective Positions

You can serve in an elective office without effect on your retirement allowance **unless** all or a portion of your retirement allowance is based on previous service in the same elected office. If so, the portion of your retirement allowance based on that elected office service is suspended for as long as you serve in office while retired.

If you are an active employee serving in an elective office and wish to retire before the expiration of your current term, you may do so but the portion of your retirement allowance based on service in that elected office will be suspended for as long as you serve in office while retired.

For more information about possible allowance suspension, please contact us.

Independent Contractor

You can be hired as an “independent contractor” or “consultant” for a CalPERS employer. However, if you will be an “employee” of that CalPERS employer, under common-law principles, your employment is subject to restrictions.

CalPERS’ experience is that many purported “independent contractor” or “consultant” relationships turn out upon review to be employee-employer relationships, so we strongly advise you to contact CalPERS to review such proposed contracts **before** they are entered into.

Employment with a Non-CalPERS Employer While Disability Retired

If your employment will be with a **non-CalPERS** employer:

- Your employment must be in a position significantly different from the job from which you were found to be disabled.
- You can work for any employer and continue to receive disability retirement benefits. There is no limit on the number of hours you can work; however, there is a limit on the amount you can earn if you are under age 50 — unless your retirement was an industrial disability. If you are subject to the earnings limitation, your retirement allowance will be reduced whenever the total of the employer portions of your CalPERS pension and your new salary exceeds the amount of the current compensation paid to those in the classification from which you retired.
- You must complete a *Disability Retiree’s Report of Earnings Outside Employment* form either monthly or quarterly. Non-compliance can result in an overpayment of your retirement benefits, which must be repaid to CalPERS.
- Prior approval of employment is not required.

Employment with a CalPERS Employer While Disability Retired

If you are retired because of a disability, there are certain conditions when you can work more than 960 hours for a CalPERS employer.

If your employment will be with a CalPERS employer:

- Your employment must be in a position significantly different from the job from which you were found to be disabled.
- You must have approval from CalPERS before you begin employment.
- The total of the employer-paid portion of your monthly benefit and your new earnings cannot be greater than the current compensation of the position from which you retired. (If it is greater, your retirement benefit will be reduced.)

This earning limitation does **not** end when you reach age 50.

If you are under age 50 and if you are performing duties very similar to those from which you were previously found disabled, CalPERS can re-evaluate your medical condition to determine if you should be reinstated from disability retirement.

To request approval to work for a CalPERS employer and continue your disability retirement benefits, you must:

- Complete and sign Section 1 of the *Request To Work While Receiving Disability/Industrial Disability Retirement Benefits* form provided in this booklet.
- Have your prospective employer complete Section 2 of the form, stating their intent to hire you upon CalPERS approval. Your employer must provide a copy of the current job duty statement for the position you will be hired in. A job announcement is not sufficient.
- Provide a medical report from your treating physician who specializes in your disabling condition, stating that they have recently examined you, reviewed the job duty statement, and find that you are able to perform all tasks without restriction or limitation. CalPERS may require an independent medical evaluation to supplement your doctor's report. If so, we will select the medical specialist, schedule the appointment, and pay for the examination.

All required information must be submitted in order for CalPERS to process your request.

Note: If you were retired from a local safety position and want to request employment into any local safety position, you must submit your request to the public agency from which you retired.



BECOME A MORE INFORMED MEMBER

CalPERS On-Line

Visit our Web site at www.calpers.ca.gov for information on all our benefits and programs and to use our online services, including access to your personalized CalPERS information.

Reaching Us By Phone

888 CalPERS (or 888-225-7377) (toll free)

Monday thru Friday, 8:00 a.m. to 5:00 p.m.

TTY for speech & hearing impaired: (916) 795-3240

Seminars & Workshops

Our **Financial Planning Seminars** help you learn about your CalPERS benefits and the importance of financial planning.

Our **Retirement Planning Workshops** review your CalPERS benefits.

Our **Financial Planning Seminars for Retirees** help you keep your financial plan on track after you've retired.

How to Register for Seminars & Workshops

The easiest way to register is by going to CalPERS On-Line. In the Member Information section of the Web site, look for the "Seminars, Workshops & Events" link on the left side navigation bar. You can also register by calling our Customer Contact Center at the number shown above.



Visit Your Nearest CalPERS Regional Office

Visit the CalPERS Web site for directions to your local office.
Monday to Friday, 8:00 a.m. to 5:00 p.m.

Fresno Regional Office

10 River Park Place East, Suite 230
Fresno, CA 93720

Glendale Regional Office

Glendale Plaza
655 North Central Avenue, Suite 1400
Glendale, CA 91203

Orange Regional Office

500 North State College Boulevard, Suite 750
Orange, CA 92868

Sacramento Regional Office

400 Q Street, Room 1820
Lincoln Plaza East
Sacramento, CA 95814

San Bernardino Regional Office

650 East Hospitality Lane, Suite 330
San Bernardino, CA 92408

San Diego Regional Office

7676 Hazard Center Drive, Suite 350
San Diego, CA 92108

San Francisco Regional Office

301 Howard Street, Suite 2020
San Francisco, CA 94105

San Jose Regional Office

181 Metro Drive, Suite 520
San Jose, CA 95110

INFORMATION PRACTICES STATEMENT

The Information Practices Act of 1977 and the Federal Privacy Act require the California Public Employees' Retirement System to provide the following information to individuals who are asked to supply information. The information requested is collected pursuant to the Government Code (Sections 20000, et seq.) and will be used for administration of the CalPERS Board's duties under the California Public Employees' Retirement Law, the Social Security Act, and the Public Employees' Medical and Hospital Care Act, as the case may be. Submission of the requested information is mandatory. Failure to supply the information may result in the System being unable to perform its function regarding your status and eligibility for benefits. Portions of this information may be transferred to State and public agency employers, State Attorney General, Office of the State Controller, Teale Data Center, Franchise Tax Board, Internal Revenue Service, Workers' Compensation Appeals Board, State Compensation Insurance Fund, County District Attorneys, Social Security Administration, beneficiaries of deceased members, physicians, insurance carriers, and various vendors who prepare the microfiche or microfilm for CalPERS. Disclosure to the aforementioned entities is done in strict accordance with current statutes regarding confidentiality.

You have the right to review your membership file maintained by the System. For questions concerning your rights under the Information Practices Act of 1977, please contact the Information Coordinator, CalPERS, 400 Q Street, P.O. Box 942702, Sacramento, CA 94229-2702.

While reading the information in this booklet, please be aware that we are governed by the California Public Employees' Retirement Law. The statements in this booklet are general. The Retirement Law is complex and subject to change. If there is a conflict between the law and this booklet, any decisions will be based on the law and not this booklet.



Request To Work While Receiving Disability/ Industrial Disability Retirement Benefits

888 CalPERS (or 888-225-7377) • TTY for Speech and Hearing Impaired: (916) 795-3240

You must complete this form in order to request approval to work for a CalPERS employer while continuing your disability retirement benefits.

Section 1

When completing this form, please be sure to print the requested information.

Member Certification

Name of Retiree (First Name, Middle Initial, Last Name) Social Security Number

Address

City State ZIP Code Daytime Phone

This is a formal request for reemployment under Government Code Section 21228, while remaining a disability retiree from my former position. I understand that the position must be significantly different than the one from which I am retired, and that I am subject to an earnings limitation so that the total of the pension portion of my retirement allowance and the new earnings will not exceed the current (gross) salary of the former job from which I retired. I also understand that I must keep CalPERS advised of any changes to my salary or employment.

I understand that I must submit a medical report signed by my physician certifying that they have examined me, reviewed the position duty statement, and find that I am able to perform all the tasks without restriction or limitation.

Employer Name Job Title Proposed Hire Date (mm/dd/yyyy)

Address

City State ZIP Code

Signature Date (mm/dd/yyyy) Daytime Phone

Section 2

Employer Certification

Duty Statement

Your employer must attach a copy of the current job description for the position to which you are requesting to work.

It is the intent of _____ to hire _____
Employer CalPERS Retiree
for the position of _____ pursuant of Government Code Section 21228.
Job Title

This offer is contingent upon written approval from CalPERS.

Employer Signature Date (mm/dd/yyyy) Daytime Phone

Print Name Title

Mail to:

CalPERS Benefit Services Division • P.O. Box 2796, Sacramento, California 95812-2796



California Public Employees' Retirement System

400 Q Street
Sacramento, California 95814

888 CalPERS (or 888-225-7377)
www.calpers.ca.gov

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